

What is PM FME - Formalization of Micro Food Processing Enterprises Scheme?

The Ministry of Food Processing Industries (MoFPI) has launched the PM Formalization of Micro Food Processing Scheme on 29th June 2020. The PM FME scheme intends to provide financial, technical and business support to upgrade existing micro food processing enterprises.

It is a part of India's self-reliant scheme called [Atmanirbhar Bharat Abhiyan](#); and 'Vocal for Local' Campaign.

PM FME – Why in News?

MoFPI has launched the capacity building component of the PM FME in November 2020. The facts of the PM FME scheme will be useful for all the competitive examinations including the [IAS Exam](#). This article will talk about the objectives of the scheme, its significance, and brief about micro food processing enterprises in India.

Overview of PM FME Scheme

The idea behind PM FME scheme is to bring unorganized micro food enterprises into an organized framework given:

1. There are approximately 25 lakhs unorganized food processing units.
2. These units contribute to 74 percent of employment in the food processing sector.
3. 66 percent of such units are located in rural areas.

The government has earmarked **Rs. 10000 crores to benefit two lakh micro food processing enterprises**. The scheme aims to support:

1. Micro Food Entrepreneurs
2. FPOs
3. SHGs
4. Co-operatives

Learn more about FPOs, SHGs, and MSMEs from the linked articles below:

[Farmer Producer Organizations](#)

[Self Help Groups \(SHGs\)](#)

[Micro, Small and Medium Enterprises \(MSMEs\)](#)

The salient facts about the **PM FME for UPSC Prelims** are:

1. It was launched on 29th June 2020.
2. It is a part of Atmanirbhar Bharat Abhiyan.
3. It is a centrally sponsored scheme. The share of expenditure under the PM FME scheme is as follows:
 - 60:40 between the central government and state governments and UTs with the legislature

- 90:10 between central and North Eastern and Himalayan states
 - 100 percent central assistance for UTs without legislatures.
4. It will run for five years — 2020-21 to 2024-25. The central government will bear the expenditure for the first year irrespective of who incurs it; later will be adjusted in the ratio mentioned above; in the next four years.
 5. The central government will provide funds to the state based on the approved Project Implementation Plan (PIP).
 6. One-District One-Product Approach (ODOP) plan to be implemented to encompass input procurement, common services availability and products marketing.
 7. The Inter-Ministerial Empowered Committee (IMEC) is established at the national level. The structure of IMEC under PM FME is:
 - Chairman – Minister of Food Processing Industries
 - Vice-Chairman – Minister of State of Food Processing Industries
 - Member-Secretary
 - Members

Objectives of PM FME Scheme

The PM Formalization of Micro Food Processing Enterprises Scheme has the following objectives:

1. Capacity Building of Micro Food entrepreneurs
 - They will be provided with technical knowledge
 - Skill training is another component
 - Hand holding support services to be given
2. Technology upgradation of the existing Micro Food Processing Enterprises by increasing access to credit to the entrepreneurs.
3. Enable microenterprises to avail common services through supporting Farmer Producer Organizations (FPOs), Self Help Groups (SHGs), Producers Cooperatives & Cooperative Societies along their entire value chain
4. A regulatory framework to encompass existing unorganized micro food processing enterprises to bring them into a formally-compliant framework.
5. Branding and marketing to be strengthened in order to support the integration of existing enterprises with organized supply chains.

Four Main Components of PM FME

To address the need of the micro food processing sector, the following four components have been encompassed in the scheme:

1. Support to individual and groups of micro-enterprises
2. Branding and Marketing support
3. Support for strengthening of institutions
4. Setting up a robust project management framework

What is One-District One-Product (ODOP) Approach?

Under the ODOP approach, product-specific traditional industrial hubs to be established under PM FME Scheme. It is inspired by Uttar Pradesh's ODOP programme launched across its 75 districts to encourage indigenous and specialized products.

What is One-District One-Product?

The following are considered as ODOP under PM FME:

1. Perishable agri-produce
2. Cereal based product
3. Food product widely produced in a district and allied sectors

The important points to remember about ODOP for UPSC Prelims are:

1. It will provide a framework for value chain development and alignment of support infrastructure.
2. Each state will identify one product per district which will be based on the raw materials' availability and existing clusters.
3. One cluster can belong to one and more districts.
4. Those existing enterprises to produce products under the ODOP approach are to be given preference.
5. Assistance for common infrastructure and marketing and branding will be only available for such foods that are available under the ODOP programme. (Exception provided)
6. The ODOP approach complements the existing promotional efforts of the government:
 - Agriculture Export Policy
 - National Rurban Mission

Benefits to Food Processing Units under PM-FME

Beneficiaries/Components under PM-FME	Benefits
Existing Unorganized Food Processing Units	Maximum grant of upto Rs.10 lakhs
SHGs/FPOs/Cooperatives	Credit linked grant at 35 percent of the project cost for capital expenditure with maximum limit as prescribed
Person engaged in Food Processing	Rs.40000 as seed capital provided as working capital
Common Infrastructure	Credit linked grant at 35 percent of the project cost with prescribed maximum limit
Marketing and Branding	Upto 50 percent of expenditure with prescribed maximum limit

Capacity Building and Research Component of PM FME

1. At the national level, National Institute for Food Technology Entrepreneurship and Management (NIFTEM) and Indian Institute of Food Processing Technology (IIFPT) will spearhead the capacity building component of the scheme.
2. At the state level, NIFTEM and IIFPT will be supported by the state technology institutions present in food processing technology sector.
3. Training and capacity building will encompass:
 - Entrepreneurship development
 - Essential functions of enterprise operations
 - Bookkeeping
 - Registration
 - FSSAI standards
 - Udyog Aadhar
 - GST Registration
 - General hygiene
 - Packaging, and
 - Marketing
4. At the district level, Rural Self Employment Training Institutes (RSETI) along with other institutions will be used to impart training.



Partner Institutions of PM-FME

The PM Formalization of Micro-Food Processing Enterprises Scheme will be assisted by the following institutions:

1. TRIFED
2. National Scheduled Caste Development Finance Corporation
3. National Cooperative Development Corporation (NCDC)
4. Small Farmers Agri-Business Consortium
5. National Rural Livelihood Mission (Read about [NRLM](#) in the linked article)